

# The Economic Impact of Alcohol Abuse and Alcoholism

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## Synopsis .....

*The economic effects of alcohol abuse are as damaging to the nation as the health effects, affecting the family, the community, and persons of all ages. Underaged drinking is interfering with children's development, affecting the nation's ability to respond to economic challenge in the future. The college aged may be the most difficult to educate about alcohol abuse because of drinking patterns established at an early age and susceptibility to advertising inducements.*

*Health care costs for families with an alcoholic member are twice those for families without one, and up to half of all emergency room admissions are alcohol related. Fetal alcohol syndrome is one of the top three known causes of birth defects, and is totally preventable. Alcohol abuse and alcoholism are estimated to have cost the nation \$117 billion in 1983, while nonalcoholic drug abuse that*

*year cost \$60 billion. Costs of alcohol abuse are expected to be \$136 billion a year by 1990, mostly from lost productivity and employment. Between 6 and 7 million workers are alcoholic, with an undetermined loss of productivity, profits, and competitiveness of American business. Alcohol abuse contributes to the high health care costs of the elderly beneficiaries of Federal health financing programs. Heavily affected minorities include blacks, Hispanics, and Native Americans.*

*Society tends to treat the medical and social consequences of alcohol abuse, rather than its causes. Although our experience with the consequences of alcohol abuse is greater than that for any other drug, public concern for its prevention and treatment is less than for other major illnesses or abuse of other drugs. Alcohol abuse is a problem being given high priority within the Department in an effort to create a national agenda on the issue and to try to impart a greater sense of urgency about the problems. Ways are being explored to integrate alcoholism activities into more Departmental programs. Employee assistance programs for alcohol abuse have been established in about 90 percent of major companies, and Federal employees' access to treatment is being expanded through health insurance coverage. Collective public efforts are required to encourage prevention and treatment efforts, and to begin to reduce the economic effects of alcohol abuse that the country can no longer afford.*

**A**LCOHOL is the foremost drug of abuse in the United States today. The consequences of alcohol abuse, including the disease of alcoholism, exact a far greater toll on our health and on our social well-being than the abuse of any other substance. Because of my training as an economist, I tend to evaluate the economic aspect of issues. In my view, the effects of alcohol abuse and alcoholism are as damaging to our nation's economy as they are to our nation's health.

No single segment of our society is untouched by this phenomenon—not the young, not the middle-aged, not the elderly. Alcohol abuse affects the entire family; it troubles every community. Time and again, we have seen how it tears at the very fabric of American life.

Studies show that the consumption of alcohol can begin very early. It is not uncommon these days for children to begin drinking before they have reached the age of 12 years. Elsewhere in this journal, medical experts attest to the harm that alcohol can do to young minds and bodies—indeed, to the emotional and physical health of people of any age.

Let's look, again, at the children who are drinking, including those who are drinking wine coolers when their beverage of choice ought to be fruit juices, milk, and soft drinks.

## Underage Drinking

❖ Children of any age—from toddlers to teenag-

ers—should not have their minds clouded by alcohol—or any other drug for that matter.

Our children are our hope for the future; it is they who are going to keep our country strong. If we are to maintain our high wage-based economy, today's children are going to have to be prepared to face some of the most difficult challenges in the future. We currently compete in a tough international marketplace for goods and services. That marketplace will become even more competitive as the global market expands. As this new generation reaches adulthood, it will need to have more flexible skills and an increased ability to sustain peak performance levels in order to roll with the high technology punches and to successfully compete in the international marketplace with countries like Japan. This was not true with earlier generations, raised during and immediately after WW II, when the United States was the most highly industrialized nation in the world, and international competition was virtually nonexistent.

Another stratum of our society that concerns us greatly lies between the high-school-age population and the adult working-aged population. I refer, of course, to the nation's college students. I suspect that they may be the most difficult group to reach with the facts about alcohol abuse. They are important because it is quite literally true that they will be tomorrow's leaders. They can be difficult to reach, or to educate, because they are at a time of great change in their lives. While often viewed as adults by society, they are not always equipped, when they reach the minimum drinking age, to make informed choices about drinking. Too often, they are easy prey for the beer, wine and liquor industries, with their slick marketing programs and skillful advertising techniques, such as promotional nights, drinking contests, and sports and club sponsorships. In addition they have established drinking patterns and attitudes from their early teens which may be difficult to extinguish.

In this connection, athletic participation is an important part of growing up for millions of young men and women in this country. But 50 percent of all high school coaches surveyed in a recent USA Today poll said that alcohol use by their young athletes is very serious and getting worse. The most often cited causes of the problem were social acceptance of alcohol, a glut of TV advertising, and the ease with which alcohol can be purchased. Drinking is made to seem like a "glamorous and grownup thing to do," one coach remarked.

It is small wonder, when you stop to think about it, that some 4.6 million adolescents in America

experience serious alcohol problems each year. And should we be surprised to learn that more than 1 out of 2 teenage deaths in auto accidents involve the use of alcohol?

## **Direct Costs**

In 1983, health care costs alone for illness and trauma related to alcohol abuse totaled \$15 billion. Studies show that the average monthly health care bill for families in which there is an alcoholic member is twice that of families without an alcoholic member. It is estimated that 20 to 40 percent of all inpatient hospital admissions and up to 50 percent of all emergency room admissions are alcohol related. On the brighter side, there is considerable evidence that treating alcohol-related problems reduces expenditures for overall health care costs, not only for the alcohol abusers and alcoholics, but for their families, as well.

While the illness costs figures are shocking, even sadder is the fact that alcohol abuse and alcoholism destroy families, the very foundation of our society. They work their destruction in many ways. Alcohol is involved in one-quarter to one-half of all marital violence cases, in one-third of all child molestation cases and in about 13 percent of child abuse cases reported to police.

To talk about families is to talk about pregnancy and birth. Studies show that for one-half of all teenage pregnancies, one or both parents had been drinking alcohol at the time of conception. Drinking while pregnant makes a prospective mother much less likely to give birth to a healthy baby at full term, yet many mothers-to-be continue to drink (and smoke, unfortunately) during their pregnancies. In so doing, they are taking a real chance that their baby will be born with physical, mental, or behavioral abnormalities or with fetal alcohol syndrome. Fetal alcohol syndrome is one of the top three known causes of birth defects in the United States today, and the only one that is totally preventable.

## **Indirect Costs**

We have looked at some of the direct costs of alcoholism and alcohol abuse, with particular reference to children and young people. Many experts say that the direct costs pale when compared to the indirect effects and costs to society. Consider the use and abuse of alcohol in the working-aged population, where the costs are enormous but more difficult to break out.

*'No single element of our society is untouched by this phenomenon—not the young, not the middle-aged, not the elderly. Alcohol abuse affects the entire family; it troubles every community.'*

It was estimated in 1983 that alcohol abuse and alcoholism were costing our economy \$117 billion a year. In comparison, nonalcoholic drug abuse that year cost \$60 billion. Costs of alcohol abuse are projected to rise to \$136 billion by 1990 and to \$150 billion in 1995.

Of the \$117 billion, the greatest portion—\$92.8 billion—came from reduced worker productivity and lost employment. Put another way, \$92.8 billion was the price tag for the products, goods, and services that were never produced or delivered that year because alcoholic workers were less productive, because they lost their lives prematurely to alcohol-induced illness and accidents, and because society incurred the costs of incarcerating so many of them for their criminal activities.

At present, between 6 and 7 million employed American workers are alcoholics. Their affliction affects American business adversely, first and foremost in the form of increased production cost and decreased profits and, second, in its effect on the competitiveness of American business in the international marketplace.

Everyone is worried about the foreign trade deficit. Have you ever heard alcohol abuse or alcoholism mentioned in connection with this problem? Probably not. Yet many of the goods produced in this country are defective from the start, and need replacement or fixing. The result, of course, is increased prices, which reduce the attractiveness of our products on the world market and, ultimately, cut profits and jobs from the economy. Alcohol is a productivity problem we can't afford.

The situation in the Federal Government is no different. Productivity is the concern, and alcohol abuse and alcoholism have a direct and substantial impact on it.

Most of us are at least passingly familiar with the medical consequences of alcohol abuse—heart and other cardiovascular diseases, hypertension, cirrhosis of the liver, and cancer, and the list goes on. For an elderly person on medication for

treatment of these and other illnesses, the combination of alcohol and medication can render the medication ineffective or lethal.

Alcohol abuse and alcoholism hit hard in the elderly segment of the population, contributing to extraordinarily high health care expenditures. These costs are paid by you and by me and by every other taxpayer in the United States through Federal health financing programs such as Medicare and Medicaid. Suffice it to say that the drain on the Federal Treasury for these and other government financing mechanisms, such as funds for the homeless and family support programs, is enormous.

A recent study estimated that as many as one-half of all our homeless in America suffer from alcohol abuse and alcoholism. Alcohol is one of the chief causes of illness and death among Black, Hispanic, and Native American populations. The incidence of alcohol-related medical problems, particularly liver cirrhosis and cancer of the esophagus, is very high among blacks. Cirrhosis mortality rates for blacks are twice as high as the rates for whites. Even though many tribes remain almost totally abstinent, alcohol-related illness and injury among American Indians is three times the rate of the general population. Accidents, most of them alcohol-related, are the second most common cause of death and account for nearly one-fourth of deaths among American Indian men. Hispanic men in this country have a higher rate of alcohol use and abuse and a higher rate of cirrhosis mortality.

### **Better Health and Reduced Costs**

I share with Secretary Bowen the view that we, as a society, could ameliorate many of our health care problems by preventing and treating alcohol abuse and alcoholism. I believe, too, that if we could just get a handle on our alcohol problem we could, in addition to improving the health and quality of life of millions of Americans, cut our expenditures for health care dramatically.

An amazing phenomenon, in view of the ever-escalating costs of health care and welfare, is that we continue to treat the medical and social consequences of alcohol abuse and alcoholism, rather than the cause. We focus on the homelessness of street people, on their lack of shelter and food and warm clothing. For nearly half of them, homelessness is just a symptom; the disease is alcoholism.

Our experience with the consequences of alcohol abuse in America is greater by far than our experience with any other drug. Yet, we have not seen the kind of public concern over the problem

and public pressure to prevent it and treat it that we have seen with other major illnesses or the abuse of other drugs. Part of the explanation may have to do with the fact that alcohol is a legal drug. But so is tobacco, and we've made great progress in reducing its use. Indeed, people today are more aware of the health effects of passive smoking than they are of abusing alcohol, even though alcohol abuse is a far graver problem.

We hear and read daily about the threat that illicit drugs pose to our nation. Without meaning to belittle that threat in any way, for it is real, it is serious, and it is deserving of all the efforts that are being made to overcome it. I note that the costs of alcohol abuse and alcoholism, which amounted to roughly \$120 billion last year, far exceeded the costs of all other drugs of abuse combined.

### **A Top HHS Priority**

We need to raise the visibility of alcohol abuse and alcoholism in our nation, just as we have for the hazards of smoking. Dr. Bowen has a long-standing interest in the problems of alcohol abuse and alcoholism. He is very concerned about the apparent lack of attention the public pays them. That is one of the chief reasons for his announcement, early last year, that for the remainder of his term as the Secretary of Health and Human Services, he is making alcohol abuse and alcoholism one of his top priorities. His aim, he made clear, is to use the high visibility of his office to create a national agenda for the prevention and reduction of alcohol abuse and alcoholism, and to impart to the American public a sense of urgency about these problems.

There are programs in HHS that focus some of their efforts (or all their efforts, in the case of the National Institute of Alcohol Abuse and Alcoholism) on alcohol-related problems. We are now exploring ways of integrating alcohol abuse and alcoholism activities into the on-going work of many other HHS programs whose missions are naturally compatible with the objectives of our alcohol initiative.

We are looking for ways to use public education more effectively, perhaps by employing as national spokespersons nationally prominent persons who are recovering alcoholics, and by obtaining major public service advertising and the help of professional advertisers for alcohol-related media campaigns. Our "Be Smart! Don't start!—Just Say No!" campaign is an example of this kind of activity.

We are exploring ways to counter the impact of alcoholic beverage advertising and promotion, particularly those campaigns that fail to discourage underage drinking, or drinking by individuals who are at high risk for negative health consequences, such as pregnant women and persons who should not drink because of medications they are taking.

Our concern, at base, is that TV commercials that "sell" alcoholic beverages to viewers of all ages—and perhaps especially commercials that use well-known sports figures and other celebrities—are slick, pervasive, and persuasive. We believe we need some countervailing forces, some equal time on TV, to show the other side of the story.

This summer and into the fall, HHS is sponsoring a number of alcohol research and treatment conferences and symposia. One that deserves mention is a workshop, sponsored by NIAAA and the National Center for Health Services Research, the purpose of which is to develop an agenda for health research economics related to preventing and treating alcohol-related problems.

### **Employee Assistance Programs**

This year, some 2.2 million Federal employees will have access to alcohol treatment, if they need it, as a result of expanded insurance coverage in their employee benefit plans. We worked with the Office of Personnel Management to make this health insurance coverage available, and we are assisting in publicizing its existence throughout government. As we have seen, alcoholism has direct and substantial consequences for the productivity of any organization, including the Federal Government. We also know that the use and cost of health care services decline once treatment for alcoholism is begun.

We are taking these facts and the lessons we have learned with the Federal work force to the private sector. Lest this assertion sound presumptuous, I should note that roughly 90 percent of the Fortune 500 companies already have established employee assistance programs (EAPs). Our main target is the nation's small businesses—those that employ 250 persons or less and that, by and large, have not established EAPs. Because small businesses comprise approximately 65 percent of the nation's work force, reaching employers in this segment of the working population is clearly essential if we are to stem the growing tide of alcohol abuse in America and reclaim the billions of dollars in worker productivity now lost to the effects of alcohol abuse and alcoholism.

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## Conclusion

Alcohol abuse is a problem that affects us all. It is a national health problem of the highest order. In recent years, Americans have gained a better understanding of the complexity of our alcohol problems, but they still do not know all they should. Many just don't realize how extensive alcohol abuse and alcoholism are, and how these problems affect not just individuals, but families, schools, workplaces, health care systems, and, ultimately, our entire economy.

I believe that our Department—in particular, the

National Institute of Alcohol Abuse and Alcoholism of the Public Health Service—has done a fine job of accumulating knowledge about alcoholism and of making this knowledge available to the public. I believe, too, however—indeed, I know for a fact—that we must do more.

Last year, as I noted, America's bill for alcohol abuse and alcoholism came to more than \$120 billion. Forecasters familiar with this country's alcohol problem have predicted that these costs will increase to \$136 billion in a little over a year from now and to \$150 billion by 1995.

Are these increases inevitable? The question is not easily answered, but my own view is optimistic. I believe we can turn this trend around, and someday prove the forecasters wrong, if we work hard and together to raise public awareness of the costs and consequences of our alcohol-related problems and if we channel this awareness, this heightened concern, into programs of research, prevention, and treatment that leave no room for anyone to doubt the seriousness of our intentions. Our economy simply cannot continue to absorb an annual expense that runs to 12 digits, is on the rise, and is largely preventable. Alcohol abuse and alcoholism, we must all come to understand, are problems we can no longer afford, or ignore. The time for effective intervention is now.

# Bring Yourself Up To Date

## *Alcohol and Birth Defects: The Fetal Alcohol Syndrome and Related Disorders*

A new booklet from NIAAA reviews advances in the understanding of the effects of maternal alcohol consumption on the unborn child, and addresses such questions as:

How prevalent are FAS and less severe effects of alcohol consumption by pregnant women?

What risks to the fetus are involved across the full range of possible maternal drinking levels?

What are the underlying mechanisms of FAS and Fetal Alcohol Effects (FAE)?

Are there critical times during pregnancy when the risk is greatest?

What are the most effective strategies for preventing FAS and FAE?

For free copies contact the:  
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